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ABSTRACT

Because school budgets are limited and becoming more so, the wise use of school finances to enhance student learning is imperative. This digest examines the ways public schools are redistributing existing resources and changing policies to increase student academic achievement. Information is provided on the most effective means for allocating finances, methods used by school districts to cut costs, the impact of state policies, and actions to be taken at the school district and school levels. According to the Committee on Economic Development (CED 1994), investing money in schools is important, "but only if schools are organized to use it effectively to promote achievement." Districts can cut costs by streamlining administration and support-service costs and by reducing costs outside the classroom, which does not directly affect the education of children. Traditional state policies may cause schools to ignore student outcomes. At the district level, policymakers need to refrain from limiting the principal's authority and accountability. At the school level, principals should establish goals that focus on student outcomes and communicate them to students and teachers. (LMI)

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ERIC DIGEST

JULY 1995 NUMBER 100 EDO-EA-95-8

Priority on Learning: Efficient Use of Resources

By Lori Jo Oswald

Because school budgets are limited and becoming more so, the wise use of school finances to enhance student learning is imperative. This Digest looks at the ways public schools are redistributing existing resources and changing policies to increase student academic achievement.

What Are the Most Effective Means for Schools to Use Money?

Determining the connection between school inputs and student outcomes is a challenging task, and researchers have arrived at conflicting conclusions. According to Kazal-Thresher (1993), some early studies "showed a significant relationship between inputs, such as teacher quality, class size or per pupil expenditures, and student outcomes, while others did not."

Recent studies, using better data and more sophisticated analyses, have shown a correlation, says Kazal-Thresher. For example, differences in the quality of schooling accounted for between one-quarter and one-third of the variation in students' standardized reading scores among school districts in Texas. Kazal-Thresher advises schools to hire teachers with stronger literacy skills, avoid exceeding a student-teacher ratio of 18 to 1, and retain experienced teachers to "produce higher test scores in exchange for more money."

Good teachers and performance incentives that reward schools and teachers for improving student performance are two variables that lead to increased student achievement, Hanushek (1994) believes.

Money matters, the Committee on Economic Development (CED 1994) concludes, "but only if schools are organized to use it effectively to promote achievement." School boards and superintendents must "ensure that sufficient funds get to the classroom to improve learning." According to the CED:

- District policies should induce schools to reallocate expenditures for more effective uses within current real spending levels.
- Individual schools must have greater control of resources.
- Increases in real resources should be tied to progress toward agreed-upon achievement goals in a school investment plan or performance contract with the district.
- Such investment plans should take the different costs into account for schools to educate students of different backgrounds and needs.

How Are Districts Cutting Costs?

Critics say that increases in school expenditures are often applied toward vague administrative functions and goals instead of being directly targeted for improving student outcomes. School district administrators are responding to such complaints in several ways.

One method is streamlining administration and support-service costs. For example, when site-based councils assume responsibility for budgeting, personnel, and curriculum decisions at the school site, fewer district administrators are necessary. New functions and personnel are not added without eliminating those that are "duplicative or no longer necessary" (CED).

The Texas Office of the State Auditor (1993) recently reviewed spending and found that some $185 million could be saved annually by cutting costs outside the classroom. Examples include cutting travel expenses, buying the lowest cost supplies, soliciting bids for services, reducing excessive staff positions and salaries, and eliminating overgenerous benefits. Such reductions do not directly affect the education of children. The auditor's office compared district figures and found no correlation between higher costs and student achievement.

How Do State Policies Make a Difference?

State policies can sometimes impede improvements at the district and school levels. Hanushek and colleagues (1994) find fault with state finance programs that dictate overall resources, for such policies often "penalize districts for saving money or for organizing schools in nonstandard ways. Worse, they sometimes reduce or remove funds when student outcomes improve." State policies must focus on school outcomes through goal-setting instead of management.

Lays (1991) argues that policy reforms of the last decade have focused on the wrong things—increasing teachers' pay, establishing

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teacher competency testing, making graduation requirements stricter—instead of trying to "change the general way we go about educating." She concludes that state legislatures need to "set goals and then lay off." Odden (1994) agrees: "A serious results-oriented system would de-emphasize regulations and focus accountability on what students actually learned."

The traditional policies forced on schools, such as those specifying staffing, professional development, curriculum, time, resource use, and budgeting practices, cause schools to ignore student outcomes. Also, excessive curriculum mandates may make it impossible for schools to teach students everything that is mandated.

What Needs to Be Done at the District Level?

At the district level, policy-makers need to refrain from limiting the principal's authority and accountability, limiting the implementation of such governance structures as school-based management, or preventing innovative teaching methods or schedules. District policies that are too strict can prevent teachers, parents, and principals from having a voice in curricula, spending, and personnel selection.

The CED recommends that those who govern schools do the following:

- make it clear to the community that the fundamental goal of schools is learning
- ensure that all policies support learning and achievement and are "well-coordinated and coherent"
- set goals for and monitor student achievement, using state and national standards
- ensure that adequate resources are provided to schools to meet such goals
- delegate responsibility and authority, as well as accountability, for making progresss toward achievement goals
- provide incentives to teachers, students, and administrators for rewarding achievement
- establish methods "for dealing with teachers and administrators who perform poorly"

School boards can help ensure student success by reviewing existing district polices that affect the use of instructional, planning, or inservice time; and investigating potential sources of funding for extended-day programs such as state-supported programs, local foundations, or corporate support (New York State School Boards Association 1991).

"Local school boards should abandon their penchant for micromanagement and concentrate on education policy"; they should avoid looking out for special-interest groups at the "expense of the majority of students," says the CED. Instead, they must focus on student learning and achievement. Clune (1994) advises school boards and other governing bodies to release schools from many existing restrictions, thereby "allowing them to make the multiple adjustments necessary for optimal performance."

What Needs to Be Done at the School Level?

Prager (1993) advises principals to establish goals that focus on student outcomes, beginning with a school mission statement and curricular content goals.

Policies at the school site must be clear to students and teachers. Herbert M. Kliebard and Calvin R. Stone (1992) suggest that excellent schools have a community mandate "to strive for and achieve academic excellence," and this mandate is carried out within the school through what types of courses are offered, the way students and teachers use time, the way academic problems are presented, and the availability of a "network of support systems" that prevents most students from failing.

The National Education Association's Robert Barkley, Jr. says schools should select a specific content area or approach to improving achievement and then decide what the indicators of improvement will be. All people must know what those indicators are and devote their resources to it. He says that "those schools that are effective are those that have reached a consensus in their school community."

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